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OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



DARLENE GREEN  
Comptroller

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February 15, 2007

Marjorie Melton, P.E., President  
Board of Public Service  
1200 Market Street, Room 401  
St. Louis, MO 63103-2860

RE: Review of URS-WVP Corporation Professional Service Agreement #934  
(Project #2003-33)

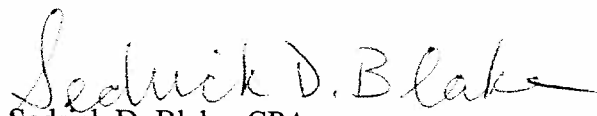
Dear Ms. Melton:

Enclosed is a report of our interim review of the URS-WVP Corporation Professional Service Agreement #934 for the period of June 1, 2000 through January 31, 2004. The objective of this review was to ensure that URS-WVP Corporation billings were in accordance with the Agreement and that the City of St. Louis has not been overcharged for work performed by the Corporation or any of its sub-consultants. Our fieldwork was substantially completed on December 15, 2006. Management responses to the observations and recommendations noted in the report were received on January 19, 2007 and have been incorporated in the report. A description of the scope of our work is included in the report.

This review was made under the authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the International Standards for Professional Practice of Internal Auditing.

If you have any questions, please call me at (314) 589-6132.

Respectfully,

  
Sedrick D. Blake, CPA  
Audit /Fiscal Executive

Enclosure

cc: Ronald Smith, City Operations Manager, Office of the Mayor  
Eugene Kuelker, Sr., Contracts Manager, Board of Public Service  
Robert Dopuch, Airport Program Management Office



# CITY OF ST. LOUIS

***LAMBERT-ST. LOUIS INTERNATIONAL AIRPORT***

***URS-WVP CORPORATION  
REVIEW OF DESIGN CONTRACT FOR LINDBERGH BOULEVARD  
RUNWAY BRIDGE/TUNNEL  
PROFESSIONAL SERVICE AGREEMENT #934***

***PROJECT #2003-33***

***DATE ISSUED: FEBRUARY 15, 2007***

***Prepared by:  
The Internal Audit Section***



# OFFICE OF THE COMPTROLLER

**Honorable Darlene Green, Comptroller**

**CITY OF ST. LOUIS  
BOARD OF PUBLIC SERVICE  
URS-WVP CORPORATION  
PROFESSIONAL SERVICE AGREEMENT #934  
FOR DESIGN SERVICES FOR LINDBERGH BOULEVARD BRIDGE/TUNNEL  
JUNE 1, 2000 THROUGH JANUARY 31, 2004**

**EXECUTIVE SUMMARY**

**Purpose**

The purpose of this review was to ensure that the URS-WVP Corporation and its sub-consultant billings were in accordance with the Agreement, that the City of St. Louis has not been overcharged and that errors in application or methodology are corrected on a prospective basis.

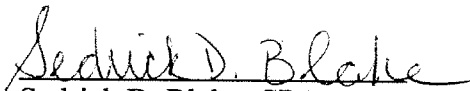
**Conclusion**

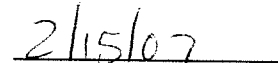
The opportunity exists to ensure compliance with the Agreement and obtain a potential cost recovery for \$46,858.

- Labor cost overcharges by ABNA Engineering, Inc. (\$46,858)

This observation is discussed in more detail in the *Detailed Observations, Recommendations and Management's Responses* section of this report.

This limited review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the International Standards for Professional Practice of Internal Auditing.

  
Sedrick D. Blake, CPA  
Audit/Fiscal Executive

  
Date

**CITY OF ST. LOUIS  
BOARD OF PUBLIC SERVICE  
URS-WVP CORPORATION  
PROFESSIONAL SERVICE AGREEMENT #934  
FOR DESIGN SERVICES FOR LINDBERGH BOULEVARD BRIDGE/TUNNEL  
JUNE 1, 2000 THROUGH JANUARY 31, 2004**

**TABLE OF CONTENTS**

<b><u>Description</u></b>	<b><u>Page(s)</u></b>
<b>INTRODUCTION</b>	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Responses	2
<b>OBSERVATIONS</b>	
Status of Prior Observations	3
Summary of Current Observations	3
<b>DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES</b>	4-5

**CITY OF ST. LOUIS  
BOARD OF PUBLIC SERVICE  
URS-WVP CORPORATION  
PROFESSIONAL SERVICE AGREEMENT #934  
FOR DESIGN SERVICES FOR LINDBERGH BOULEVARD BRIDGE/TUNNEL  
JUNE 1, 2000 THROUGH JANUARY 31, 2004**

**INTRODUCTION**

**Background**

Professional Services Agreement #934 is a contract between City of St. Louis, Board of Public Service and URS-WVP Corporation to provide planning and design services for Lindbergh Boulevard Bridge/Tunnel. This contract was authorized by Ordinance No. 64279 and is a part of the Airport Expansion Project.

**Purpose**

The purpose of this review was to ensure that the consultant's billings were in accordance with the Agreement and that the City of St. Louis has not been overcharged for work performed by URS-WVP Corporation or any of its sub-consultants and that errors in application or methodology are corrected on a prospective basis.

**Scope and methodology**

We confined our review to \$4,643,534 in billings submitted by URS-WVP Corporation (including its sub-consultants) to the City of St. Louis for the review period June 1, 2000 through January 31, 2004. Our procedures included inquiries of the management of the consultants and its sub-consultants. We evaluated the appropriateness and accuracy of all individual cost elements billed by URS-WVP Corporation and its sub-consultants. Such elements included direct labor, salary related expenses (SRE), general & administrative overhead (G&A OH), direct reimbursable expenses and consultant's and sub-consultant's profit mark-up.

The compensation methodology specified in the contract is based on the Cost Accounting Standards as prescribed by Part 31 of the Federal Acquisition Regulation (FAR). Such methodology provides for the reimbursement of labor burden and overhead using salary related expenses (SRE) and general & administrative overhead (G&A OH) rates. In addition, direct costs are billed as a direct reimbursable expense along with the contractor's specified Fixed Fee mark-up on the total costs incurred.

**Exit conference**

An exit conference was held with the Board of Public Service at the Riverport PMO on January 10, 2007 to discuss the draft report. Eugene Kuelker, Sr., Contract Administration, represented the Board of Public Service; Peg Thole, Cost Control-SPK Consulting Group, represented the Airport Program Management Office; Dwayne Crandall, Audit Supervisor and Leonard E. Bell, Jr., Auditor-in-Charge, represented the Internal Audit Section.

**CITY OF ST. LOUIS  
BOARD OF PUBLIC SERVICE  
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JUNE 1, 2000 THROUGH JANUARY 31, 2004**

**Management's response**

Management responses to the observations and recommendations noted in the report were received on January 19, 2007 and have been incorporated in the report.

**CITY OF ST. LOUIS  
BOARD OF PUBLIC SERVICE  
URS-WVP CORPORATION  
PROFESSIONAL SERVICE AGREEMENT #934  
FOR DESIGN SERVICES FOR LINDBERGH BOULEVARD BRIDGE/TUNNEL  
JUNE 1, 2000 THROUGH JANUARY 31, 2004**

**OBSERVATIONS**

**Status of prior observations**

Internal Audit has not previously reviewed this contract.

**Summary of current observations**

We made a recommendation for the following observation, which if implemented, could ensure compliance with the Agreement and result in potential cost recovery of \$46,858 in questioned cost.

- Labor cost overcharges by ABNA Engineering, Inc. (\$46,858)

**CITY OF ST. LOUIS  
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JUNE 1, 2000 THROUGH JANUARY 31, 2004**

**DETAILED OBSERVATIONS, RECOMMENDATIONS AND  
MANAGEMENT'S RESPONSES**

**Labor cost overcharges by ABNA Engineering, Inc. (\$46,858)**

We determined that ABNA, a sub-consultant of URS-WVP Corporation, billed the City of St. Louis in excess of its actual direct labor cost.

We reviewed all of the twenty-eight invoices ABNA submitted for the period June 30, 2000 through September 30, 2003, containing requests for reimbursement for the direct labor cost. We noted ABNA used higher direct labor rates on these invoices than it paid its employees. The higher billed rates resulted in the total labor cost overcharges of \$46,858 as follows:

Questioned direct labor cost	\$17,844
SRE at 29.36% of direct labor cost	5,239
G&A OH at 133.24% of direct labor cost	<u>23,775</u>
Total labor cost overcharges	<u>\$46,858</u>

The SRE and G&A OH rates applied above are included in the billings and are in agreement with the Attachment D of the contract. The direct labor hourly rates used to request reimbursement were within the salary ranges stated in Attachment D of the contract.

**Recommendation**

We recommend the City of St. Louis Board of Public Service establish internal controls to ensure direct labor hourly rates billed by consultants are the same as the rates they use to pay employees and comply with the contract. We also recommend the Board of Public Service recover the overcharges.

**Management response**

*The audit revealed there were labor cost overcharges. Those overcharges resulted in ABNA reaching their maximum contract cap, while their portion of the design work was not complete. Based on work by the Internal Auditors, the allowable labor costs for the employee overcharges were determined. When these new rates are applied to the hours certified by the prime consultant, URS that could have been billed if the maximum contract amount was not previously reached; the labor overcharge finding is now negated. Since the charge of \$46,858.00 can now be justified, no further action is warranted.*



**CITY OF ST. LOUIS  
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JUNE 1, 2000 THROUGH JANUARY 31, 2004**

**DETAILED OBSERVATIONS, RECOMMENDATIONS AND  
MANAGEMENT'S RESPONSES**

**Auditor's comments**

We reviewed the support documentation for the additional ABNA labor hours certified by the prime contractor, URS-WVP Corporation . Based upon our review, we now consider the questioned cost of \$46,858 resolved.